New Jersey Fund-Raising Group Finds New Sources of Money

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paint store in Summit, N.J., where the fund had its headquarters.

Visitors passed a garbage bin on their way in. If it was snowing, employees brought their shovels with them, so they could clear the stairs on their way out. "I took the job because it was good for my soul," says Mr. Mertz.

The turning point, he says, came in 1982. That was when Mr. Mertz took on the additional job of running the group that lobbies for private higher education in the state, the Association of Independent Colleges and Universities of New Jersey.

Although the two organizations are technically separate (the lobbying group reimburses the college fund for the time Mr. Mertz spends on its administration), the result has been a *de facto* merger.

That, says Mr. Mertz, has given the group the "transcendent mission" of seeking corporate, state, and other types of support for independent higher education. As a result, both groups have raised far more money together than they were ever able to raise separately.

"We combined two missions that were incomplete in themselves," explains Mr. Mertz. "Unlike what you learned in geometry, the whole was greater than the sum of the parts."

The new approach gets results. The state will pay the debt service on some $38-million in bonds for private colleges if New Jersey voters approve in November. The measure is part of a $350-million bond issue for the construction and renovation of higher-education facilities.

Mr. Mertz has developed many techniques that seem to work with both the state and corporate donors.

Last year he coordinated the work of the Commission on the Future of Independent Higher Education in New Jersey, which took a broad look at the role of private institutions.

The group's report, "Excellence for Service," resulted in a $15-million state appropriation to the colleges so they could develop strategic plans "for achieving excellence."

Mr. Mertz takes the report along when he goes in search of corporate contributions. He focuses his arguments for such support on five critical public-policy issues identified by the commission—improving the quality of higher education, keeping the state economically competitive, educating more minority students, improving the quality of schoolteachers, and reaffirming civic and social values.

"Before, I basically had to tell corporations, 'Give us money. We'll spend it well,' " he says. "The report has given us focus. Now I can show how we are working to address specific social problems."

The commission's report also is attracting attention at the national level. It is serving as a model for a study now being prepared by the Education Commission of the States under the leadership of Gov. John Ashcroft of Missouri. Mr. Mertz is serving on the Governor's committee.

Speaks for All Private Colleges

Mr. Mertz finds that corporate fund-raising techniques can work like a charm in the state Legislature.

For example, the corporate executives who serve on the board of the New Jersey fund have proved to be better than college presidents at soliciting state support.

"It's much better if corporations and colleges work together," says Mr. Mertz. When a big employer says small colleges are important to the state's economy, he explains, state officials begin to see that broad-based support exists for a request for state funds.

Because all private colleges and universities in the state belong to the fund, he adds, his group can say it speaks for all of private higher education in New Jersey.

Conversely, Mr. Mertz has lined up Gov. Thomas H. Kean, a strong supporter of education, for help in seeking corporate gifts.

When copies of the "Excellence for Service" report were sent to the state's corporate chief executives, each was accompanied by a personal note from Governor Kean urging the recipient to "read the report intently" and to support the college fund for the overall good of the state.

In 1984, Mr. Mertz took over the administration of the New Jersey Association of Colleges and Universities, a lobbying group that represents both public and private colleges and universities.

That unlikely marriage works, Mr. Mertz says. "Every year we put together a coalition package of budget requests. I endorse the budget requests of my colleagues. Then we all come to the state house carrying the same message."

New Jersey's success has led other college-fund executives to take notes. Funds in Alabama and Minnesota have also merged with state lobbying associations, but those in Indiana and Wisconsin have considered and rejected New Jersey's approach.

Lynn M. Kirkby, president of the Associated Colleges of Indiana, said a proposal to merge with the state lobbying group had been controversial in his state because the colleges in the fund-raising group wanted to limit their membership to high-quality institutions to strengthen their fund-raising appeal. The lobbying group, however, included all of Indiana's private colleges.

Despite its success, the New Jersey college fund has not remained immune to the problems that have beset its counterparts in other states. Corporate mergers have caused Mr. Mertz to lose major annual gifts from such companies as Hess Oil, Nabisco, Prentice-Hall, and R.C.A. Corporation. Two other companies, Union Carbide and 3M, stopped giving unrestricted money to colleges, while another, Suburban Propane, cut its gift in half.

To combat those trends, Mr. Mertz has tried some unusual tactics.

For example, he persuaded A.T.& T., a major employer in the state, to award the fund a block grant for faculty development in the humanities. Mr. Mertz then requested proposals from each of the 16 private colleges. Outside evaluators assessed over 40 proposals and awarded 13 grants.

That technique has stirred strong debate among executives of other states' college funds. Many have voted down such programs, saying they would unfairly discriminate against some of their colleges.

Mr. Mertz disagrees. "I strongly believe in the competitive process," he says. "It forces schools to be better."

Companies' Desire to 'Target' Gifts Threatens Private-College Funds

By ANNE LOWREY BAILEY

When John M. Duggan resigned the presidency of the Independent College Funds of America in February, he was just following the crowd out the door.

Over the past two years, 21 of 39 chief executives have quit their jobs at the state and regional college funds that belong to the "umbrella" group that Mr. Duggan has headed. Those state funds raise money from business corporations, on behalf of 600 private colleges in the United States.

The reasons for the exodus are simple. Raising unrestricted corporate funds for the colleges these days is like spinning straw into gold.

Many corporations, such as Allied-Signal, 3M, and RJR Nabisco, have stopped giving unrestricted support to colleges. Instead, they are "targeting" their grant programs—supporting college activities that relate to their own businesses.

Avoiding a 'Middleman' Agency

Many corporate grant makers would also rather send dollars directly to specific colleges and universities than work through a "middleman" agency such as a college fund.

Those developments are forcing officials at the state funds to make tough decisions about the future of their organizations. They fear that if the funds fade away, the financial health of small colleges will be jeopardized.

To counteract such trends, many college funds are beginning to seek targeted money. Some have won sizable grants from corporate donors for the purpose of awarding "mini-grants" to member colleges on a competitive basis. Others have merged with sister associations that lobby for state dollars on behalf of private higher education.

Changes Not Coming Easily

The changes are not coming easily. Some fund executives are fearful of taking on new responsibilities at a time when it is getting harder and harder to do their old job well.

Conflict has also developed over the role of the national organization that coordinates these funds. One result was Mr. Duggan's announcement—after only 20 months on the job—that he will leave office in July.

Traditionally, the national organization has sought grants from corporations on behalf of all the groups. Now, many corporate grant makers believe the national fund should either expand its role to become an aggressive advocate of private colleges or merge with other groups that represent private higher education.

As one step toward a broader role, the national group changed its name to the Foundation for Independent Higher Education. But some officials have resisted even that minor change.

"The fund presidents would like to play ball by themselves," says Mr. Duggan. "But the corporations can't be ignored. The state funds must pay attention to changes in the corporate world."

Problems have arisen, some believe, because the college funds basi-

Colleges and Universities Get $114.5-Million in Matching Gifts From U.S. Corporations

NEW YORK

Corporate matching-gift programs grew sharply in 1986, and colleges and universities got the lion's share of the money, according to a new survey by the Council for Aid to Education.

Almost 300 companies reported they had given $114.5-million to match their employees' gifts to colleges and universities in 1986, up from $86.5-million reported by 233 companies in 1984.

The figures, together with comprehensive tables on matching-gift patterns, appear in the council's April 1988 *Research Report*.

The amount given to colleges represents 78 per cent of the total—$146.4-million—given by corporations to match employee donations.

Organizations representing culture and the arts, which garnered the second-largest amount of such matching gifts, got $14.7-million, or about 10 per cent of the total, the report shows.

Although more than 1,000 companies operate matching-gift programs, the largest companies provided the bulk of the dollars, according to the report. Fifty-nine companies gave 75 per cent of the matching funds that went to colleges.

Copies of the report are available free from the Council for Aid to Education, 680 Fifth Avenue, New York 10019. —ANNE LOWREY BAILEY

Gifts to Private Colleges and Universities Through State and Regional Associations

Association	Member colleges	1985 Gift income	1986 Gift income	1987 Gift income	1987 Amount per institution	1987 1-year change
Alabama	6	$ 520,632	$ 584,936	$ 526,046	$ 87,674	−10.1%
Arkansas	6	518,006	526,246	558,023	93,004	+ 6.0
California, Northern	8	524,464	536,471	606,566	75,821	+12.6
California, Southern	15	3,629,594	3,094,999	2,685,641	179,043	−13.2
Colorado	3	155,728	322,123	144,967	48,329	−55.0
Florida	15	640,607	619,502	703,457	46,897	+13.6
Georgia	9	1,312,373	1,094,247	1,128,685	125,409	+ 3.1
Illinois	27	1,531,172	1,306,639	1,222,366	45,274	− 6.4
Indiana	20	3,016,035	2,820,255	2,851,487	142,574	+ 1.1
Iowa	27	1,252,336	1,458,292	1,423,008	52,704	− 2.4
Kansas	19	1,209,852	1,066,100	914,288	48,120	−14.2
Kentucky	15	1,121,794	1,024,328	1,245,548	83,037	+21.6
Louisiana	6	175,373	154,699	196,794	32,799	+27.2
Maryland	9	579,011	556,997	513,678	57,075	− 7.8
Michigan	16	1,950,413	1,985,457	2,057,536	128,596	+ 3.6
Minnesota	15	2,119,399	2,218,061	2,008,603	133,907	− 9.4
Mississippi	5	207,444	207,465	184,915	36,983	−10.9
Missouri	17	812,385	660,362	661,973	38,940	+ 0.2
Nebraska	10	867,760	905,396	844,203	84,420	− 6.8
New England	29	1,384,802	1,363,743	1,268,763	43,750	− 7.0
New Jersey	18	1,523,993	1,632,605	1,501,165	93,823	− 8.1
New Mexico	3	146,084	128,269	78,570	26,190	−38.7
New York	31	1,445,826	1,143,924	1,016,640	32,795	−11.1
North Carolina	28	1,781,953	1,906,293	1,906,656	68,095	0
North Dakota	2	41,444	44,738	42,484	21,242	− 5.0
Ohio	36	2,898,526	3,009,250	3,225,001	89,583	+ 7.2
Oklahoma	8	236,924	239,360	218,068	27,259	− 8.9
Oregon	8	1,187,008	1,203,724	1,291,330	161,416	+ 7.3
Pennsylvania	53	1,627,876	1,613,387	1,427,770	26,939	−11.5
South Carolina	11	1,546,767	1,717,587	1,568,943	142,631	− 8.7
South Dakota	5	115,215	119,228	92,860	18,572	−22.1
Tennessee	22	595,398	636,792	655,316	29,787	+ 2.9
Texas	29	1,130,143	1,041,352	938,508	32,362	− 9.9
Vermont	10	80,078	68,737	57,385	5,739	−16.5
Virginia	14	2,999,208	2,736,261	3,170,934	226,495	+15.9
Washington	10	1,464,208	1,845,635	1,829,455	182,946	− 0.9
West Virginia	9	621,167	720,033	678,016	75,335	− 5.8
Western	8	416,582	397,776	795,020	99,378	+99.9
Wisconsin	19	951,657	983,526	944,166	49,693	− 4.0
Total	599	$44,199,249	$43,696,917	$43,194,676	$ 72,066	− 1.2%

SOURCE: FOUNDATION FOR INDEPENDENT HIGHER EDUCATION